

September 8, 2010

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE, Room 1A
Washington, D.C. 20426

**RE: Niagara Mohawk Power Corporation Tug Hill Energy, Inc. (Otter Creek)
Interconnection Agreement Docket No. ER10-**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d, and Part 35.12 of the Federal Energy Regulatory Commission's ("Commission") regulations, 18 C.F.R. Part 35.12 (2006), Niagara Mohawk Power Corporation, d/b/a National Grid ("Niagara Mohawk"), submits for filing a First Revised Service Agreement No. 125 ("Revised Service Agreement") between Niagara Mohawk and Tug Hill Energy, Inc. (Otter Creek) ("Tug Hill" or "Producer") under the New York Independent System Operator, LLC's ("NYISO") open access transmission tariff, FERC Electric Tariff, Original Volume No. 1. Under the Revised Service Agreement, Niagara Mohawk will continue to provide interconnection service to Tug Hill for Tug Hill's 0.525 MW generating facility located on the Otter Creek, Lewis County, New York.

I. Information Submitted with Filing

Niagara Mohawk filed the original interconnection agreement on July 7, 2000 in Docket No. ER00-3119-000 ("Original Agreement"). It was accepted pursuant to a Commission Order on August 3, 2000 in Docket No. ER00-3119. The Original Agreement sets forth the terms and conditions applicable to the interconnection service to be provided by Niagara Mohawk for the 0.525 MW electric generating facility that is located on the Otter Creek, Lewis County, New York.

The Original Agreement, as filed, set the term to expire in July 2010. Due to the very recent expiration of the Original Agreement and in an effort to ensure the justness and reasonableness of the Revised Service Agreement, Producer and Niagara Mohawk mutually agree to use as the form of the Revised Service Agreement the pro forma Small Generator Interconnection Agreement in Appendix F to the Small Generator Interconnection Final Rule, issued by the Commission on May 12, 2005. 18 C.F.R. Part 35. (Docket No. RMO2-12; Order 2006).

The Revised Service Agreement restates, supersedes and replaces the Original Agreement in its entirety. Under the Revised Service Agreement, Niagara Mohawk will charge Producer for its actual costs of operating and maintaining the interconnection facility.

Pursuant to the Commission's order in *New England Power Company*, 109 FERC ¶ 61,364 (2004) ("NEP"), the Commission's standard interconnection rules promulgated in Order No. 2006, and the procedures and agreements related thereto, including the NYISO Small Generating Facility Interconnection Procedures, do not apply in this case. In NEP, the Commission held that, where there are no proposed increases in capacity or material modifications of the characteristics of an existing generating facility, Order No. 2003 did not apply to generator interconnection agreements because they were not "new interconnection requests." *Id.* at P 13; *see also Jersey Central Power & Light Company*, 110 FERC ¶ 61,273 at P 11 (2005) ("because the revision to the existing interconnection agreement does not 'increase the capacity of a generating unit in the PJM Region,' PJM's interconnection procedures in its OATT...do not apply"). The Tug Hill generating facility is an existing facility, and there are no proposed increases in capacity or material modifications to the characteristics of the facility. Thus, as the Commission held in NEP, the Commission should also find here that the Commission's standard interconnection rules promulgated in Order No. 2006, and the procedures and agreements related thereto, including the NYISO Small Facility Interconnection Procedures, do not apply in this case.

II Communications and Service

Communications regarding this filing should be addressed to the following individuals, whose names should be entered on the official service list maintained by the Secretary for the docket established with respect to this filing:

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A copy of this filing has been served on Tug Hill Energy, Inc. (Otter Creek), the New York Independent System Operator and the New York State Department of Public Service.

III. Proposed Effective Date

In accordance with section 35.3 of the Commission's Regulations, Niagara Mohawk respectfully requests that the Commission accept this Revised Service Agreement for filing, effective as of October 12, 2010.

IV. Order No. 614 Designations

Pursuant to the Commission's orders in *Designation of Electric Rate Schedule Sheets*, Order No. 614, 90 FERC ¶ 61,352 (2000) and *Southwest Power Pool, Inc.*, 92 FERC ¶ 61,109 (2000), Niagara Mohawk is required to designate the Revised Service Agreement as a service agreement under the NYISO OATT. As a result, Niagara Mohawk has designated the Service Agreement as:

New York Independent System Operator, Inc.
FERC Electric Tariff, Original Volume No. 1
First Revised Service Agreement No. 125
Issued by: Mary Ellen Paravalos
Vice President of Transmission Regulation & Commercial Services
National Grid USA for Niagara Mohawk Power Corporation
Issued on: August 13, 2010
Effective: October 12, 2010

V. Documents Enclosed

- i. This filing letter;
- ii. A copy of First Revised Service Agreement No. 125 (Attachment A)

Copies of this filing have been served on Tug Hill Energy, Inc. (Otter Creek), the NYISO and the New York Public Service Commission.

Respectfully submitted,

/s/ Daniel Galaburda

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Enclosures